



Department of Justice

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CALIFORNIA EXECUTIVE PLEADS GUILTY TO CONSPIRACY TO DEFRAUD THE IRS

WASHINGTON, D.C. -- A California executive headhunter pleaded guilty today to conspiring to defraud the Internal Revenue Service and to commit income tax evasion in connection with a kickback scheme involving one of his customers, the Justice Department announced.

Fred Lee Hood of Calabasas, CA, pleaded guilty today in U.S. District Court in New York City to participating in a kickback conspiracy with senior executives responsible for hiring at Domecq Importers, Inc. Hood, the president and owner of Fred Hood & Associates, Inc. (FH&A), paid approximately \$64,000 in cash kickbacks to three former top executives responsible for hiring at Domecq. FH&A, Hood and the three executives failed to report the income to the IRS on their income tax returns.

The three former executives of Domecq – president Gabriel Sagaz, vice president of marketing Alfredo Valdes and vice president of sales Thomas Kaminsky – previously pleaded guilty to charges related to this conspiracy. In addition, two outside vendors of advertising and display materials to Domecq, Mary Burke and Alvin Appel, have also pleaded guilty to related offenses.

Domecq Importers, Inc. was a U.S. subsidiary of Allied Domecq P.L.C., the world's second-largest liquor company. In September 1998, Domecq Importers, Inc. was combined with Hiram Walker & Sons, Inc. to create Allied Domecq Spirits, USA, of Westport, Connecticut. That company is a subsidiary of Allied Domecq P.L.C. of London, England, a \$7 billion company with more than 70,000 employees worldwide. Allied Domecq Spirits, USA, imports and distributes numerous

brands of liquor, including Sauza tequila, Kahlua liqueur, Presidente brandy, Courvoisier cognac and Beefeater gin.

Today's case developed as a result of evidence uncovered during the Antitrust Division's prosecutions of bid-rigging, commercial bribery and tax-related offenses in the point-of-purchase advertising and display industry.

To date, 31 individuals and 9 corporations have already pleaded guilty to various federal charges also associated with the Division's ongoing investigation. Earlier prosecutions have involved personnel at Hiram Walker & Sons Inc. (Southfield, Mich.), Philip Morris Inc. (N.Y.), Heublein Inc. (Farmington, Conn.), Warner-Lambert Co. (Morris Plains, N.J.), Austin Nichols & Co. Inc. (N.Y.), Lorillard Tobacco Co. Inc. (Greensboro, N.C.), Heineken USA, Inc. (White Plains, N.Y.), William Grant & Sons Inc. (Edison, N.J.) and Joseph E. Seagram & Sons Inc. (N.Y.).

The maximum penalty for an individual convicted of conspiracy to defraud the IRS is a term of imprisonment up to five years, three years of supervised release and a fine of the greatest of \$250,000, twice the gross pecuniary gain derived from the offense or twice the gross pecuniary loss caused to the victims of the crime.

The prosecution of Fred Lee Hood is the result of an ongoing joint investigation between the Antitrust Division's New York Field Office and the United States Attorney's Office for the Southern District of New York, with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service.

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